

## How To Use Your Credit Cards Wisely

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Are you one of the thousands pulling your hair out trying to figure out how you're going to pay your credit card bills? Using your credit cards wisely and sensibly will help you avoid financial problems and establish a strong credit rating, so here's some information to help you get your credit card problems under control.

Credit cards are convenient for buying things now and paying later. Credit card companies are in business to make money. Don't forget that every time you use your credit card you are borrowing money. You will pay a finance charge if you don't pay off your balance each month.

Millions of people use credit cards to avoid carrying large amounts of cash, for emergencies, to track spending, etc. However, charging more than your income allows can be worrisome and potentially devastating to your finances and your credit rating. The pitfalls of credit card use are the accumulation of large amounts of debt and the inability to make more than the minimum monthly payment.

It's important to look out for your own interests. Some credit card companies have lowered minimum monthly payments to less than two percent of the balance. It could take 30 years or more to pay off your credit cards if you pay only the minimum payment. Debit cards should not be confused with credit cards. There is no credit extended with a debit card. The money is deducted directly from your savings or checking account. The bottom line is don't spend more than you can afford to pay on a monthly basis.

Limit the number of credit card applications you fill out. There will be an inquiry into your credit report for each application you submit. Your credit report contains a record of every company or institution that has evaluated your credit. It reflects negatively on your credit score if you have an inquiry that does not lead to the issuance of a credit card. Obtaining too many credit cards can affect your ability to finance other purchases as well, such as homes or automobiles. Too much available credit can cause suspicion in the eyes of a lender as to your ability to repay your potential debt.

Consider what you are looking for in a credit card such as the interest rate, annual fee, grace period, and credit line. Be wary of companies offering cards with a low introductory interest rate that often lasts for only a brief period of time, after which they become considerably higher. The average interest rate for credit cards is over fifteen percent. Choose a credit card with no annual fee. Credit card issuers are paid a percentage from the vendor each time you make a purchase. Many companies have waived the annual fee to attract customers. Avoid cards offering a high credit limit. There is great potential to overspend. Instead, pay down your balance before using your card to make additional purchases. Send in your payment well ahead of the due date. Issuers may charge late fees, and late payments could result in a considerably higher interest rate than the advertised rate.

So the bottom line is by using your credit cards wisely you can reduce adverse effects of credit cards and maximize the benefits by spending wisely, using self-discipline, and paying off your balance as quickly as possible to avoid unnecessary fees.

### Short note about the author

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